



THE OFFICE OF THE MAYOR, DR. TIMOTHY J. MAHONEY

Members of the Fargo community and Fargo City Commissioners,

The City of Fargo's 2022 Preliminary Budget is being presented for your review and consideration. I would like to express my appreciation to the department heads, division heads, Commissioners and the budget team for their excellent work in arriving at a budget plan that will work for Fargo.

During our departmental meetings, many ideas, recommendations and conversations occurred to create the document before you today. Throughout this process, we have all remained devoted to providing the high quality of services our residents have come to expect, while also continuing our commitment to being fiscally mindful of taxpayers' money.

In just the last few years, Fargo has been nationally recognized with many honors. The following is just a sampling of these rankings:

- #1 Housing Market in North Dakota {Insurify, 2021}
- #1 Most Healthy People Per Capita {WalletHub, 2021}
- #3 Happiest City in the United States {WalletHub, 2021}
- #4 Best Place for Renters in the United States {WalletHub, 2021}
- Top Ten Best Place to Retire {Forbes, 2011-2021}

We all should be especially proud of the "most healthy people per capita" ranking. The health of our community's residents is the backbone of our existence; as a surgeon, this is especially poignant.

Through the work of this team, along with our excellent public employees, residents, businesses and community partners, Fargo continues to be the regional leader across the board. We are proud of our role in the metro and what we do for our people and the neighboring communities that rely on us. We are also on the national scene as a crown jewel in the Upper Midwest – there's no question about this. Fargo is mentioned in the same sentence as other high-performing cities in our region and beyond.

Throughout our community's history, our resiliency has been tried and proven true again and again. When this community faces a test, it steps up and meets the moment. The responsiveness of this organization is without question. We respond every day, in good times and in difficult ones, when our citizens and neighbors need us. Now, I'm proud to report that Fargo is re-emerging after the last 18 months of challenges brought on by the COVID-19 virus.

We are getting back to the priorities and initiatives that make us Fargo and make our citizens proud to live here. A city's budget is a reflection of its goals and its objective. Fargo's budget reflects our purpose and what we want to achieve for our residents. It is a budget *about* Fargo and *for* Fargo.

I spent a great deal of time thinking about my fellow Commissioners and the various goals you have communicated to me, our City Administrators and department heads over the past year as I was crafting this budget to arrive at something I feel is a reflection of our collective values and priorities.

With that in mind, I'd like to provide you with a sense of the big projects and major initiatives on the horizon for 2022. We worked hard to centralize our efforts on six thoughtful objectives, which will challenge us to think beyond today to be aspirational in reaching the next level:

- Attracting and Retaining a Talented Team
- Funding Essential Infrastructure
- Reinforcing Our Strong Commitment to Public Safety
- Supporting Community Equity Initiatives
- Funding Delayed Requests Due to COVID-19
- Efficient and Effective Use of Federal Funds

Those six objectives are interwoven in many projects, priorities and recommendations within this budget. I'd like to focus on six main initiatives for this budget:

1. Implementation of the Core Neighborhoods Plan
2. Body-Worn Camera Integration at the Fargo Police Department
3. Investments in Street-Level Excellence
4. Harm Reduction and Homeless Support
5. An Emphasis on Code Enforcement
6. Ensure Continued Vitality and Success at the FARGODOME

In consideration of all of these factors and with the input of the Fargo City Commission, the budget team feels the Preliminary 2022 Budget addresses the needs of a community that has placed itself on the radar as one of the Midwest's most vibrant urban centers while also being financially cognizant of the uncertainty caused by the COVID-19 virus.

THE GENERAL FUND

The General Fund is a summation of the costs associated with executing our daily bread and butter activities to provide the citizens of Fargo the services they need and deserve. This is the primary fund for the proceeds of property taxes, which is why the Budget Team is laser-focused on maximizing resident impact on this piece of the budget. These numbers represent a thoughtful reflection of the overall themes and objectives of this budget.

The recommended 2022 General Fund Budget is about \$104 million. Of that figure, 77.7% is devoted to the salaries and benefits of Team Fargo. I've said it before and I'll say it again – we cannot forget, in all these numbers, that we are people-focused first and foremost. I come to work here every day, so incredibly proud of Team Fargo and the services we offer to this community. I hope we never lose sight of how fortunate we are to have this caliber of people serving our city. They are truly second to none.

We received requests for 38 new employees funded through the General Fund and I am recommending the addition of 18 new employees (eight in public safety and ten in non-public safety areas). In our enterprise funds (which are not funded through the General Fund), we saw requests for four new employees and I am recommending the addition of two. Due to the uncertainties associated with COVID-

19, City staff received no competitive wage adjustment (COWA) for 2021. In consideration of that and the goal to attract and retain the best, I am recommending a 3.5% COWA in the 2022 budget.

General Fund revenues are estimated at about \$104.5 million in 2022. This indicates a fully-funded and balanced budget to meet our needs. It includes increased tax revenue from building/construction activity, organic growth in real estate property values (which is a positive sign for any urban community with growth aspirations), increasing revenues from the State of North Dakota brought about by an improving economy and revenue replacement funding from the Metro City American Recovery Plan (ARP).

I know we oftentimes dive into the nuances of government expenses and it can sometimes lead to information overload. In consideration of that, I asked our Finance Team to conduct an analysis with a different view on our spending. That is, how much is the cost of local government to our taxpayers? If you think of a dollar bill as representing 100% of the average Fargo household's gross income, the cost that household pays for City services amounts to just five cents. I'm proud to say that our households in Fargo are getting their value out of this resilient, responsive and re-emergent local government as we strive to meet and exceed our commitment to the Fargo community.

The budget team is not recommending any increase in tax mills for 2022. The City has had a stable City mill levy history for the past several years; in fact, mills have been reduced by 5.25 since 2013. For utility fee increases, we are only recommending one increase for the upcoming year. We are recommending increases to account for costs in the Stormwater section of our organization. This change would result in a \$1 per month increase in the residential rates and a \$3 per month increase (with variables) in the non-residential rate.

FARGO: THE BIG CITY WITH AN EVEN BIGGER HEART

We are fortunate to serve the citizens of Fargo in our roles as elected leaders. We are grateful for the vital ingredients that allow us to achieve great things in our community. Among these are a strong tax base fueled by economic activity, steady population growth, robust activity in the construction sector and street level excellence at reasonable rates. When combined, these factors produce a synergy that makes Fargo a community where people choose to live, work and play.

This is Fargo. This is our story of success. We are proud of our public employees, grateful to our citizens, appreciative of our neighboring communities, gratified by our community partners and thankful to our visitors. These are the ingredients that allow us to be The Big City with an Even Bigger Heart. Fargo remains the envy of the Upper Midwest. Together, let's take this community to even greater heights.

We are grateful and honored to be given the opportunity to lead this community and provide it with the high-quality services it deserves.

As a team, let's work together to get this budget done and to deliver for the Fargo community in 2022!

Sincerely,



Dr. Timothy J. Mahoney, Mayor of the City of Fargo